DOCUMENT RESUME

ED 191 251 EC 130 115

AUTHOR Ross, E. Clarke
TITLE The Future of Government Funding for Persons with Disabilities: Some Key Factors.
INSTITUTION United Cerebral Palsy Associations, Inc., Washington, D.C.
PUB DATE Jun 80
NOTE 21p.; Paper was developed for the United Cerebral Palsy Association Annual Conference (Monticello, NY).
JOURNAL CIT Word from Washington Analysis: v9 n3 Jun 1980

EDRS PRICE MF01/PC01 Plus Postage.
DESCRIPTORS *Disabilities: *Federal Aid: *Federal Programs: Financial Policy: *Futures (of Society): Government Role: Taxes

ABSTRACT

The paper identifies and discusses key factors associated with government funding for disabled individuals. An introductory section traces the growth of public expenditures in recent years. Five key factors affecting government funding are examined (sample subtopics in parentheses): state government tax and spending limits (Proposition 13 and the Jarvis II Initiative): U.S. Constitutional revisions to balance budgets (spending limit formula): impact of Congressional budget control: renewals, reauthorizations, and appropriations: and tax expenditures. Recommendations are made to monitor or deal with each key factor. The author predicts substantial budget restraint for such categorical programs as vocational rehabilitation and independent living services. (CL)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

U S DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION
THIS DOCUMENT HAS BEEN REPRODUCED EXACTLY AS RECEIVED FROM THE PERSON OR ORGANIZATION ORIGINATING IT. POINTS OF VIEW OR OPINIONS STATED DO NOT NECESSARILY REPRESENT OFFICIAL NATIONAL INSTITUTE OF EDUCATION POSITION OR POLICY

Word from Washington

ED191251

Analysis

Volume Nine Number Three

In Depth Resource Material
Prepared For Affiliates Of
United Cerebral Palsy Associations, Inc.

THE FUTURE OF GOVERNMENT FUNDING FOR PERSONS WITH DISABILITIES: SOME KEY FACTORS

This paper was developed for the
UCPA of New York State
Annual Conference, Monticello,
New York

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY
E. Clarke Ross
TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

BY

E. Clarke Ross, Director
UCPA Governmental Activities Office

E. Clarke Ross
Director
Governmental
Activities
Office

United
Cerebral
Palsy
Associations
Inc.

Chester
Arthur
Building
425 I Street
Northwest
Suite 141
Washington,
D.C. 20001

(202) 638-6169

June, 1980

EC130115

CONTENTS

	Page
INTRODUCTION	1
THE GROWTH OF PUBLIC EXPENDITURES: A FEW FACTS AS A PERSPECTIVE	2
• Growth of Public Expenditures	2
• Federal Programs Impacting On Disability	3
FACTOR NUMBER ONE: STATE GOVERNMENT TAX AND SPENDING LIMITS	4
• Proposition 13	4
• Tax And Spending Limits Nationwide	6
• Proposition 9 (Jarvis II)	8
• Recommendation: Monitor State Government Tax and Spending Limit Proposals	9
FACTOR NUMBER TWO: U.S. CONSTITUTIONAL REVISIONS TO BALANCE BUDGETS	10
• Spending Limit Formula	11
• Super-Majority Congressional Votes	11
• Recommendation: Monitoring And Involvement With Legislatures	12
FACTOR NUMBER THREE: IMPACT OF CONGRESSIONAL BUDGET CONTROL	11
• Recommendation: Monitoring And Influencing The Congressional Budget Process	13
FACTOR NUMBER FOUR: RENEWALS, REAUTHORIZATIONS, AND APPROPRIATIONS	13
• Recommendation: Monitoring And Influencing The Congressional Authorization And Appropriations Process	13
FACTOR NUMBER FIVE: TAX EXPENDITURES	14
• Recommendation: Recognizing Tax Expenditure Impact Before Advocating Their Adoption	14
PUBLIC POLICY ISSUES OF THE 1980'S	15
CONCLUSION	16
REFERENCES	17

INTRODUCTION

The welfare and quality of life for persons severely handicapped with cerebral palsy have become quite reliant on public expenditures during the past decade and a half. UCPA affiliates and other nonprofit agencies serving persons with cerebral palsy have also come to depend on public expenditures. In f.y. 1979, UCPA combined affiliate income rose to $90.849 million; of this, $60.160 million or 67% was derived from government grants, contracts, and other payments.

When one adds UCPA affiliate governmental derived income to those independent organizations, group residences, and parallel associations related to UCPA affiliates as well as unaffiliated non-profit organizations primarily serving persons with cerebral palsy, a conservative estimate is that at least $200 million in public funds are granted or contracted to non-profit organizations whose primary purpose is service to those with cerebral palsy.

In addition to these service grants and contracts, the thousands of severely handicapped persons served by UCPA affiliates depend upon such programs as Supplemental Security Income, Medicaid, Food Stamps, and Section 8 rent subsidies. Lastly, thousands of persons with cerebral palsy are served outside of UCPA affiliates in schools, institutions, family situations, and our settings. Though there is no federal government nor UCPA verifiable estimate of total public expenditures for persons with cerebral palsy, the preceding facts and observations clearly indicate a magnitude of millions of public dollars supporting persons with cerebral palsy.

Everywhere this writer has travelled in the past year and particularly in the past six months, the question is asked, what is the future of government funding for persons with disabilities?

Key factor analysis (KFA) is a fundamental methodology used by the general systems approach. KFA analyzes "key factors" in determining whether organizational objectives are being met and analyzes "key indicators" in measuring the movement or progress of key factors. KFA can be used to follow the events associated with public funding trends to partially answer the question of the future of government funding.

This paper identifies and discusses a number of key factors associated with government funding. The outcome of these key factors will largely determine the future of funding in the early 1980's.

THE GROWTH OF PUBLIC EXPENDITURES: A FEW FACTS AS A PERSPECTIVE

In order to understand the dynamics of the current approach to limit or reduce public expenditures, it is important to have a few facts at hand. Additionally, many politicians and public policy makers cite statistics which are some times inaccurate or misleading; it is important for advocates and service providers to have a few statistics of their own.

• Growth Of Public Expenditures

Public expenditures have grown from $12.4 billion in 1932 to $151.3 billion in 1960 to $680.3 billion in 1977. Public expenditures as a percent of gross national product (PE/GNP ratio) was 21.4% in 1948, 36.8% in 1976 (the peak year), 36.0% in 1977, and has stabilized around 36% from 1976 to 1980 (1).

State-local expenditures as a percent of GNP follows the total expenditures experience by drastically increasing and then declining. In 1949, state-local expenditures accounted for 7.8% of GNP, in 1975 the percent was 15.1% (the peak year), and in 1980 the percent has declined to 13.7%. State-local expenditures in terms of per capital spending (in constant dollars) rose from $189 in 1949 to $670 in 1975 and has declined to $656 in 1980 (2). John Clayton Thomas has interpreted this data by maintaining that the responsibility for public expenditure growth must be shared by federal and state/local governments (1).

Federal grants-in-aid to state and local government has increased from $7 billion in 1960 to $80 billion in 1980 (3). Most of these grants are on a formula matching basis; one can argue that the federal government has used the incentive of federal funds to stimulate state-local expenditures. However, federal aid as a percent of state-local expenditures has declined from a peak of 26.7% in 1978 to 25.4% in 1979 to an expected 23.6 in 1980 (4).

Until 1973, the growth in government spending was accompanied by a steady rise in real private income. Since 1973, growth in real private income has fallen off dramatically. Almost all real economic growth since 1973 has gone into increased government spending. This fact has combined with another observation-during the past 50 years, the federal budget was balanced only 9 times and only once in the past 20 years. These budgets resulted in $626 billion in deficits and $34 billion on surpluses (3).

From these macro-level figures, it is important to examine a few functional areas of expenditures. The following are percentages of all government expenditures by function (1):

Year	Education	Welfare	Health and Hospitals	Insurance
1902	15.5	2.7	3.8	0
1936	14.1	5.9	3.6	1.3
1955	11.5	2.9	3.1	8.1
1977	16.3	7.3	4.4	21.2

From these total functional area percentages, the following are percentages of federal budget outlays by function (5):

Year	Education, Training, Employment, and Social Services	Health	Income Security
1975	4.9	8.5	33.3
1977	5.2	9.6	34.2
1980	5.4	10.0	33.9

• Federal Programs Impacting On Disability

Keeping the above figures in mind, the scope and significance of some of the major federal programs for persons with developmental disabilities (f.y. 1980 appropriations) are presented below (6):

Program	F.Y. 1980 Appropriation
1) Vocational Rehabilitation State Grants	$817.5 million
2) P.L. 94-142 Education for All Handicapped Children State Grants	$874.0 million
3) P.L. 94-142 Pre-School Incentive Grants	$ 25.0 million
4) Developmental Disabilities State Grants	$ 43.2 million
5) Developmental Disabilities Protection And Advocacy Systems	$ 7.5 million
6) Comprehensive Services For Independent Living	$ 15.0 million
7) Maternal and Child Health and Crippled Children Services State Grants	$345.5 million
Total of 7 Grant Programs Targeted On Disability	$2.127 billion

Generic Service Programs (Not all benefits go to the disabled but funds for the disabled are substantial)	F.Y. 1980 Appropriation
1) Supplemental Security Income	$5.590 billion

2) Social Security Disability Insurance (all benefits for the disabled)	$15.263 billion
3) Medicaid	$11.250 billion
4) Medicare	$23.238 billion
5) Title XX Social Services	$ 2.7 billion
6) Title IV B Child Welfare Services	$56.5 million
7) Section 8 Rent Subsidies	$19.6 billion
Total of 7 Generic Programs With Major Benefits To The Disabled	$77.7 billion

The utilization of generic programs compared to the availability of categorical programs is an important factor in determining the future of government funding for persons with disabilities.

FACTOR NUMBER ONE: STATE GOVERNMENT TAX AND SPENDING LIMITS

The media has focused attention on the so-called "tax revolt" of the American people. One indication of this is the growth in membership of the National Taxpayers Union from 20,000 in 1976 to 100,00 in 1979. One of the political consequences of the "tax revolt" has been a plethora of proposals to limit government spending and taxation (7).

- Proposition 13

On June 6, 1978, the voters of California amended the State Constitution to limit property taxes to 1% of "full value" and tie that value to the 1975-1976 valuation. The immediate effect was to reduce local revenues by $7 billion, 57% of property tax revenues, or 20% of all local revenues in California (7).

However, the California economy had experienced an unusual rate of growth during the 1970's resulting in a state accumulated General Fund surplus of $3.7 billion. The state them committed itself to spend a substantial portion of its revenues for the support of local government and public schools. This action replaced about 2/3 of the Proposition 13 property tax loss, increased state expenditures to exceed revenues by about a billion dollars per year reducing the surplus, and resulted in a fundamental change in state finance. By 1981 the state surplus will probably be exhausted (8).

The California State Council On Developmental Disabilities, 1517 L Street, Suite 100, Sacramento, CA 05814 (916-322-8481) has issued a report prepared for it by the Institute for Social Science Research, University of California at Los Angeles.

The report is entitled "Changes In Public Funding And Services For Persons With Developmental Disabilities." The report reaches the following conclusions (9):

> The magnitude of change in funding of programs for the developmentally disabled in the years prior to and just after Proposition 13 "has been small, but the direction of the change has been unmistakably downward."
>
> "While the magnitude is small, the negative effect on the lives of tens of thousands of developmentally disabled persons and their families is substantial."
>
> "The change must be seen in context: The fact is that the needs of disabled individuals were so far from being met throughout the 1970's that maintenance of the status quo was never an appropriate goal. From such a substandard base, even a small change downward is devastating."

Specific findings of interest include:

(1) Public works projects for the handicapped declined 72% while overall public works funding declined by 44%.

(2) Recreation programs decreased by 69% and recreation programs for the handicapped declined by 61%.

(3) The removal of architectural barriers declined significantly; curb-cut projects dropped 37%, ramp projects declined 24.9%, installation of elevators declined 53.8%, and widening of doors dropped 40%.

(4) "About 5% of the school districts reported terminating their programs for persons with developmental disabilities; none reported adding a program."

(5) "Many of the initial reductions made by local school districts in the face of Proposition 13 have been in the support services and functions. Since the total reduction in school budgets was slight, it appears that the core educational program is being protected to some extent, with other supportive services taking the largest cuts."

(6) "The average class size for students with developmental disabilities has increased."

(7) "Two-thirds of the adult education programs have reduced expenditures for handicapped programs off-site, although only half have reduced their total off-site expenditures."

- Tax And Spending Limits Nationwide (10) (1980): Indicates legislative action is pending.

	Tax Limit Or Cut	Spending Limit	Tax Authority Limit	Rebate
Alabama	X			
Alaska	X(1980)			
Arizona		X	X	
Arkansas				
California	X	X		
Colorado	X(tax credit)	X		
Connecticut				
Delaware	X			
Florida	X(1980)	X(1980)		
Georgia				
Hawaii	X	X		
Idaho	X		X	
Illinois				
Indiana	X			
Iowa	X			X
Kansas				
Kentucky				
Louisiana				
Maine				
Maryland				
Massachusetts	X(1980)	X		

Michigan	X(1980)	X		
Minnesota	X			
Mississippi				
Missouri	X			
Montana	X(1980)			
Nebraska				
Nevada	X(1980)		X	
New Hampshire		X		
New Jersey				
New Mexico				
New York				
North Carolina			X	
North Dakata	X			
Ohio	X(1980)	X(1980)		
Oklahoma	X(1980)			
Oregon				X
Pennsylvania				
Rhode Island				
South Carolina				
South Dakota	X(1980)			
Tennessee		X		
Texas	X	X		
Utah	X(1980)			
Vermont	X			
Virginia				
Washington		X(1980)		
West Virginia				
Wisconsin	X			
Wyoming		X(1980)		

The "tax revolt" measures are of two types: tax reduction-services reduction measures which lead to immediate reductions in government services and tax spending restraint measures which limit increases in government spending. The latter has much less severe consequences for government service provision than does the former.

In a study by Richard Lucier (11), the "conclusion drawn from the 1978 voting results is that a tax revolt of the service reduction variety did not occur. Rather, voters approved measures which constrained property tax payments and government spending increases." Lucier's analysis of the 1978 election provisions follow:

> (1) "The voters wanted to control-i.e., restrain-the growth of state government spending. Increases in state spending were tied to growth in the state's economy or personal income. The constitutional amendments which were approved in Arizona, Hawaii, Michigan, and Texas will keep each state's public sector from growing faster than state output and income." These provisions were defeated in Colorado, Nebraska, and Oregon but were earlier approved in New Jersey (1976) and Tennessee (March, 1978)."
>
> (2) Some voters did not want limits placed in local government spending. They feared the potential local service reductions. Constitutional amendments to limit local spending were defeated in Colorado, Nebraska, and Oregon.
>
> (3) Property tax cuts resulting in local government service reductions were passed in California, Idaho, and Nevada and defeated in Michigan and Oregon.

• Proposition 9 (Jarvis II)

On June 3, 1980 California voters voted on the so-called Jarvis II Initiative to cut the state income tax in half. This action reduces state revenues by an estimated $4.9 billion in 1980-1981, which is the equivalent of a 25% loss in state General Fund revenues (8).

In April, 1980 UCPA of California (12) issued the following report:

> A reduction of State income taxes by 50% would mean a revenue loss to the state General Fund of approximately 25%. It is not possible, at this time, to predict where cuts would be made. However, individuals with CP, their families, and concerned volunteers and staff of UCPA should know which programs are supported by the General Fund:

1. Regional Centers (which currently serve 5,812 individuals with CP -- 11.5% of the total caseload) are 100% supported by the General Fund.

2. State Hospitals for the DD (which currently have 1,130 residents with CP -- 13% of the hospital population) are 100% supported by the General Fund.

3. California Children's Service (which, in the most recent count, served 9,424 children with CP -- 14.9% of the total caseload) is about 75% supported by the General Fund.

4. Special Education Programs in California -- including programs for the Orthopedically Handicapped and Development Centers for Handicapped -- are largely suppported by the state General Fund.

5. Med-Cal benefits for disabled persons averaged $1,905 per disabled client in 1979-1980. These are supported by the General Fund.

6. The State Supplementary Payment (SSP) doubled the amount of income support for disabled persons eligible for Federal Supplementary Security Income (SSI). Currently state law mandates an annual cost-of-living increase of SSP payments -- which will in future years be jeopardized if revenue to the General Fund is constricted.

So the interest of individuals with cerebral palsy and their families in the General Fund is significant for all who are now, or have been, beneficiaries of CCS, Regional Centers or State Hospitals, Medi-Cal or SSI - SSP.

The Jarvis II initiative was defeated by a 5-to-3 margin of votes. Howard Jarvis acknowledged that the proposal was probably defeated by a public fear of service cuts. The Jarvis organization has started drafting another ballot measure to identify precise reductions.

- Recommendation: Monitor State Government Tax And Spending Limit Proposals

UCPA affiliates should monitor any tax or spending limit proposals in their state. An analysis, such as that of UCPA of California, is a necessity. The Word From Washington will issue update reports.

The number, type, and scope of these initiatives will be one major determinant of the future of government funding.

FACTOR NUMBER TWO: U.S. CONSTITUTIONAL REVISIONS TO BALANCE BUDGETS

There is currently a national movement for a constitutional amendment to require that the national budget be balanced every year. Thirty of the 34 necessary states have passed resolutions calling for the first constitutional convention since the states came together to terminate the Articles Of Confederation (7).

A balanced budget amendment has several purposes. One is the desire to compel public officials to determine what resources are available and then choose public spending levels. Another is the expectation that inflation would be reduced. A third is the hope for price stability. A fourth is the belief that this would be good therapy for our national inflationary psychology (3). The advocates of this amendment are adamant that this is the only workable approach; as Aaron Wildavsky maintains, "My argument, therefore, is that no proposal for improving the process of public expenditures will keep public expenditures from continuously growing larger in relation to the private sector" (13).

James Buchanan and Richard Wagner (14) favor the balanced budget amendment because of several qualities it possesses. It is "relatively simple and straightforward, capable of being understood by members of the public." It offers "clear criteria for adherence and for violation. Both the politicians and the public must be able readily to discern when the rule is being broken." And it must "reflect and express values held by the citzenry." As Wildavsky argues, "a constitutional amendment is being considered precisely because it is not an ordinary but an extraordinary rule; a rule, so to speak, that governs other rules.... Without expectation that the rules will remain the same, few will play the expenditure game" (13).

James Pfiffner argues against the amendment citing three points. One, an inflexible budget would decrease or eliminate the federal government's major tool for priming an ailing economy. Two, the budget can be balanced at a high level of expenditures along with high taxes. And three, there are many ways to get around a balanced budget such as splitting the budget into capital and operating budgets (7).

David Walker identifies the risk of a constitutional convention which could revise our Constitution far more extensively than balanced budget advocates expect. He also identifies a group of opponents who concede that heavy federal outlays and deficits are important national issues but these people warn that an exclusive preoccupation with them in no way addresses the fundamental problems of America.

As Walker states, "These critics of the current federal role in our federal system clearly focus as much on critical managerial, programmatic, structural, political, and basic attitudinal concerns as they do on money matters" (15).

There are a number of variations and formulas related to the balanced budget amendment. Two are spending limit formulas and super-majority Congressional votes.

• Spending Limit Formula

A major objective of a spending limitation amendment is to link the growth of government to growth in the private economy, either in terms of GNP, personal income, or changes in the Consumer Price Index (CPI). Specific clauses could allow for upward or downward adjustments in the level of government spending to cope with emergencies (3).

• Super-Majority Congressional Votes (15)

During 1979, seven bills were introduced in the Senate and many more in the House to curb budget deficits by requiring extraordinary Congressional majorities when voting for an unbalanced budget. Implicit in these bills is the assumption that the restraints of the traditional concurrent majoritarian processes no longer function properly. As Senator Richard Lugar (IN) has explained: "The heart of the overspending dilemma is political and structural. The growing awareness by numerous groups that they can organize successful raids on the public treasury, and their increasing sophistication in doing so, has rendered a simple majority for the spending of public money far too easy to attain. The pressures for more spending are as intense and tightly focused as a laser; the sentiment for restraint is as diffused as ceiling light."

• Recommendation: Monitoring And Involvement With Legislatures

The constitutional amendments must be requested by the majority of state legislatures, accepted by the U.S. Congress, and ratified by the majority of state legislatures. The super-majority Congressional vote procedure must be accepted by the U.S. Congress. UCPA volunteers should establish effective communication with their national and state legislators. The Word From Washington will report U.S. Congressional events but the grass roots of UCPA must let their legislators know how they feel on these issues.

It is important to keep in mind an observation of James Pfiffner, "When the burdens of cutbacks are distributed, they tend to fall on the organizationally weak, rather than the inefficient" (7). Organizational strength and consistency is important.

FACTOR NUMBER THREE: IMPACT OF CONGRESSIONAL BUDGET CONTROL

In 1974 Congress passed a budget and impoundment control procedure so that the budget could be dealt with as a whole and expenditures

could be balanced against revenues. The main mechanisms of this procedure are the Budget Committees of the House and Senate, a Congressional Budget Office, and a timetable built around concurrent resolutions. In 1979 the budget process began working as conceptulized and this year it has worked very well. Though the process is becoming institutionalized and functional, partisan debates and conflicts over spending priorities have been pronounced.

The Word From Washington has reported the President's budget recommendations and the Congressional budget process in great detail. The f.y. 1981 budget functions of highest interest to UCPA (those containing the categorical and generic programs previously listed) follow.

President's January FY 1981 Request	President's March FY 1981 Request	House Budget Committee Report	Senate Budget Committee Report	House/ Senate Conference Committee Report
	(in billions) (outlays)			
	Education, Training, Employment, And Social Services			
$32.0	$30.6	$30.7	$28.4	$29.9
	Health			
$62.4	$61.9	$61.8	$61.9	$61.7
	Income Security			
$219.9	$220.1	$220.1	$218.3	$219.3

The budget resolution is based on certain appropriations assumptions. Few of the specialized programs specifically for the handicapped haved been reduced; several (P.L. 94-142 state grants, VR state grants, and independent living grants) have received slight increases over the f.y. 1980 level. Many of the generic programs, overall aid to state and local government, research, and training programs have been reduced. This places a greater strain on all domestic programs which will probably translate into reduced resources for the handicapped.

As this paper is being sent to the printer, a Washington Post article declares "Budget Leaders Fear Collapse Of Self-Discipline On Spending." The House rejected the conference committee report as being too defense oriented thus hurting social programs and then two hours later voted to retain the defense outlay. With House contradictions, the Senate has refused to compromise.

• Recommendation: Monitoring And
Influencing The Congressional Budget Process

The Word From Washington will report federal government budgeting events. The March, 1979 Word From Washington Analysis paper, "Committees Of The 96th Congress Impacting Upon UCPA Affiliates And Consumers," lists members of the House and Senate Budget Committees. The implication for the future is that these budget committees will become more powerful since there appears to be increasing pressure to limit spending. Much will depend upon the success of the budget committees in enforcing their decisions on both authorizing and appropriating committees. Thus institutional and personality conflicts will have to be resolved. In determining national spending priorities, the needs of persons with disabilities must be recognized. Recognition and sensitivity to these needs will be another determinant of the future of government funding.

FACTOR NUMBER FOUR: RENEWALS, REAUTHORIZATIONS, AND APPROPRIATIONS

Statutes must still be authorized, reauthorized, and renewed and annual appropriations are still required to implement federal programs. None of these items have changed; they are merely complicated because of the Congressional budgetary process.

The June, 1978 Word From Washington Analysis paper, "Influencing The Federal Public Policy Process: Guidelines For UCPA Affiliates" and the September, 1979 WW Analysis, "An Orientation To The Existing System Of Public Financing Programs Currently Utilized In Providing Services To Persons With Developmental Disabilities" are still adequate introductions to important existing federal programs and the Congressional process.

As stated previously, the Congressional budget resolution is based on certain appropriations assumptions first stated in the President's budget proposals and then reaffirmed or rejected by the budget committees. Specific appropriation levels must be recommended and enacted.

Finally, most new legislative initiatives which UCPA has been advocating will probably be postponed until 1981 or 1982 because of the Congressional budget decisions. Such bills as the Child Health Assurance Program (CHAP) and liberalized Medicaid and Medicare home health/attendent care benefits are examples of postponed initiatives.

• Recommendation: Monitoring And Influencing The
Congressional Authorization And Appropriations Process

The Word From Washington will continue to report on pending legislation and appropriations. The March, 1979 Analysis on Committees and June, 1978 Analysis on Guidelines should be used to assist you in becoming involving in the legislative process.

Congress has changed dramatically over the past six years because of the rapid escalation in retirements, the increasing ombudsman-like role of Congress with the bureaucracy and in grant development, the decline of

apprenticeship norm, the growing habit of more and more members assuming positions on a wide and frequently eclectic range of public issues, the steady advance of legislative staff influence, and the easier rise to prominence on the part of many very junior Members (15). Because the UCPA Washington office staff must place priority on working with Congressional committee leadership and members, there may be a vacuum in communicating UCPA's public policy positions. UCPA affiliates must become involved with their legislators; the degree of involvement will be another determinant of the future of government funding.

FACTOR NUMBER FIVE: TAX EXPENDITURES

"Tax expenditures" are "revenue losses attributable to provisions of the Federal tax laws which allow a special exclusion, exemption, or deduction from gross income or which provide a special credit, a preferential rate of tax, or a deferral of tax liability." They are generally recognized as "one means by which the federal government pursues public policy objectives and, in most cases, can be viewed as alternatives to budget outlays, credit assistance or other policy instruments" (5).

Existing tax expenditures of interest to UCPA affiliates include deductibility of charitable contributions, credit for child and dependent care expenses, deductibility for medical expenses, expenses of removal of architectural and transportation barriers to the handicapped, and exclusion of Social Security and public assistance benefits. It should be noted that the blind and the elderly receive additional exemptions

- Recommendation: Recognizing Tax Expenditure Impact Before Advocating Their Adoption

There are two major legislative proposals UCPA currently supports which are of the tax expenditure variety. S.602 would exempt from taxation all trusts established to provide care for handicapped children. H.R. 1785/ S. 219/H.R. 621 are bills to stimulate charitable contributions. H.R. 1785 and S. 219 use income tax deductions while H.R. 621 utilizes the income tax credit approach. The U.S. Treasury Department has opposed these bills fearing the loss of revenue to the federal government.

The primary response to this approach will depend upon one's philosophical point of view. Tax structure incentives promote a pluralistic system which relies on private enterprise to solve problems. These tax incentives reduce the availability of funds to the federal government thus reducing the opportunity for increased social programs. Some believe in an entitlement approach to services, such as P.L. 94-142 where handicapped children have a legal right to a publicly financed education, rather than relying on the private sector. UCPA has advocated a dual approach-some issues we advocate an entitlement approach, other issues we prefer to see incentives for private sector responsibility. Political and social philosophy, rather than economic analysis, seems to characterize the approach to tax expenditure budgeting. Some people believe all money is theirs until the federal government declares a national interest to tax it; with adoption of the personal income tax, other people believe the federal government has a right to its share of personal income unless the federal government declares a national interest to exempt it. Either point of view must recognize the economic impact of tax expenditures.

The Word From Washington will report efforts to enact or rescind tax expenditures of direct interest to UCPA. The future of tax expenditures will be another determinant of the future of government funding.

PUBLIC POLICY ISSUES OF THE 1980'S

A February, 1980 Word From Washington Analysis paper, "Public Policy Issues Affecting Services To Persons With Disabilities: A 1980 Perspective" has been distributed to UCPA affiliates. The paper's contents follow:

INTRODUCTION.....1

UMBRELLA VS CATEGORICAL SERVICE ORGANIZATION.....2

INDEPENDENT LIVING: A SERVICE, A FUNDING PROGRAM, OR A SOCIAL MOVEMENT?.....3

INDEPENDENT LIVING SERVICES: COMPREHENDIVE SERVICE DELIVERY OR INDIVIDUAL CENTERS FOCUS?.....4

DEINSTITUTIONALIZATION AND THE UNIONS.....5

UTILIZING MEDICAID FOR 24 HOUR RESIDENTIAL SERVICES.....5

THE PANACEA OF NATIONAL HEALTH INSURANCE.....7

FINANCING HOME SERVICES AND ATTENDANT CARE.....9

FEDERALIZED HEALTH CARE COVERAGE FOR SSI AND DI RECIPIENTS: AN ADVOCATE'S PROPOSAL.....12

CONSIDERING A FEDERAL LONG TERM CARE PROGRAM.....13

INCENTIVES AND DISINCENTIVES: CHANGING EXISTING FEDERAL MATCHING RATES.....15

THE FUTURE OF CONGREGATE HOUSING: HOUSING, SERVICES, OR A UNIQUE CONBINATION?.....16

HOUSING EMPHASIS: CONSTRUCTION, REHABILITATION, PURCHASE, OR LEASE?.....17

PROVIDING "RELATED SERVICES" UNDER EDUCATION FOR HANDICAPPED CHILDREN MANDATES.....18

THE FUTUPE ROLE OF SHELTERED WORKSHOPS AND WORK ACTIVITY CENTERS.....19

THE EXPANSION OF CIVIL RIGHTS.....20

1981 DEVELOPMENTAL DISABILITIES LEGISLATION.....22

CONCLUSION: PROMOTING A NORMALIZING LIFESTYLE.....24

This Analysis paper has attempted to focus on financing issues. The February, 1980 paper attempted to discuss programmatic issues which, of course, have a tremendous financial implication.

CONCLUSION

> "The recognition by scholars that events are occurring in combinations that do not conform to theory can be a wrenching experience. Economists and government decision makers are perplexed by the anomoly of recession and rising unemployment accompanied by rising interest rates and increasing inflation. This conjunction does not conform to the expectations derived from accepted economic theory" (16).
>
> Cornelius Catter and John Bibby

The future of government funding for persons with disabilities is uncertain. The programs serving the disabled are here to stay but the current emphasis is on containing or reducting rather than increasing public expenditures. This writer does not foresee the Congress terminating enacted programs such as P.L. 94-142.

During the 1970's a tremendous growth occured in the federal "generic" service programs, e.g., Medicaid, Medicare, Supplemental Security Income. Once a person becomes eligible for these services, the open ended budgets they operate under results in stable and ongoing support for the individual as long as they are eligible. The application of a "means-test," which means a person has income below some arbitrary level, is the major characteristic of most generic service programs. One can anticipate improved and more liberalized benefits for low income disabled persons under federal generic programs.

Growth is also anticipated in the federal "entitlement" programs such as the P.L. 94-142 "Education For All Handicapped Children Program." It is not anticipated that Congress will go back on its commitment under P.L. 94-142 although this law may be used as an excuse to reduce benefits to disabled persons under other federal education programs such as the Title I Elementary and Secondary Education Act program for disadvantaged children. A major conflict in the early 1980's will be to continue the momentum under P.L. 94-142 while simultaneously protecting benefits for the disabled under other education programs.

The overall slow growth in federal expenditures with anticipated growth in the generic and entitlement programs will probably result in substantial budget restraint for "categorical" programs such as vocational rehabilitation, independent living, and services to the developmentally disabled.

As Carol Lewis and Anthony Logalbo have articulated, "No packaged or standardized response or formula will determine which services are expendable and to what extent. That answer as well as the decision-making process will differ in each community.... Ultimately, the political process in each locality determines where cutbacks are appropriate" (17).

As Vice President Mondale has explained, "Every body is for it (cutting the federal budget) in general as long as it doesn't affect them specifically" (13). This paper has attempted to identify several key factors which will likely influence the future of government funding. UCPA affiliate, volunteer, and consumer involvement is a primary determinant of key factor outcome.

REFERENCES

1) Thomas, John Clayton. "The Growth Of American Public Expenditures: Recent Trends And Their Implications." In: Public Administration Review. Washington, D.C.: American Society for Public Administration, March/April, 1980. Pages 160-165.

2) American Society for Public Administration. "State-Local Spending Slows To No-Growth." In: Public Administration Times. Washington, D.C.: ASPA, May, 1980. Page 4.

3) Rabushka, Alvin. "Tax and Spending Limits." In: The United States In The 1980's. Peter Duignan and Alvin Rabushka (editors). Palo Alto, CA: Hoover Institution, Stanford University Press, 1980. Pages 85-108.

4) American Society for Public Administration. "Federal Aid As A Percent Of State-Local Spending Drops." In: Public Administration Times. Washington, D.C.: ASPA, August, 1979. Page 1.

5) U.S. House of Representatives. H. Report 96-857. "First Concurrent Resolution On The Budget-Fiscal Year 1981." Washington, D.C.: U.S. Government Printing Office, March 26, 1980. Pages 244-250 and 256.

6) Ross, E. Clarke. "An Orientation To The Existing System Of Public Financing Programs Currently Utilized In Providing Services To Persons With Developmental Disabilities." A Word From Washington Analysis paper. Washington, D.C.: UCPA, September 10, 1979. Pages 5-6.

and

Epilepsy Foundation of America, National Society for Autistic Children, and United Cerebral Palsy Associations, Inc. "Most Programs For The Disabled Receive Cost-of-Living Adjustments In President's Proposed 1981 Budget." In: Word From Washington. Washington, D.C.: EFA/NSAC/UCPA, February, 1980. Pages 1-9.

7) Pfiffner, James P. "Budgeting And The People's Reform." In: Public Administration Review. Washington, D.C.: American Society for Public Administration, March/April, 1980. Pages 194-200.

8) Rodda, Albert S., Chairman, California Senate Finance Committee. "Fiscal Implications Of Jarvis II For The State of California And Agencies Of California Local Government, Including The Schools As Viewed From The Perspective Of A Practical Politician." Sacramento, CA: January 15, 1980.

9) Institute For Social Science Research. "Changes In Public Funding And Services For Persons With Developmental Disabilities." Sacramento, CA: California State Council On Developmental Disabilities, 1979.

10) _____, "Tax And Spending Limits Nationwide." In: Public Administration Times. Washington, D.C.: American Society for Public Administration, December, 1979.

11) Lucier, Richard L. "Gauging The Strength And Meaning Of The 1978 Tax Revolt." In: Public Administration Review. Washington, D.C.: American Society for Public Administration, July/August, 1979.

12) UCP of California. "Impact Of Proposition 9 On Individuals With Cerebral Palsy." Palo Alto, CA: UCP of California, April, 1980.

13) Wildavsky, Aaron. "Why Amending The Constitution Is Essential To Achieving Self-Control Through Self-Limitation Of Expenditure." In: The Bureaucrat. Washington, D.C.: American Society for Public Administration National Capital Area Chapter, Spring, 1980. Pages 48-53.

14) Buchanan, James M. and Wagner, Richard E. Democracy In Deficit: The Political Legacy Of Lord Keynes. New York, NY: Academic Press, 1977. As quoted in Wildavsky, note #13.

15) Walker, David B. "Constitutional Revision, Incremental Retrenchment, Or Real Reform: An Analysis Of Current Efforts To Curb Federal Growth." In: The Bureaucrat. Washington, D.C.: American Society for Public Administration National Capital Area Chapter, Spring, 1980. Pages 35-47.

16) Catter, Cornelius and Bibby, John. "Institutional Development Of Parties And The Thesis Of Party Decline." In: Political Science Quarterly. New York, NY: Academy Of Political Science, Spring, 1980. Pages 1-27.

17) Lewis, Carol W. and Logalbo, Anthony T. "Cutback Principles And Practices: A Checklist For Managers." In: Public Administration Review. Washington, D.C.: American Society for Public Administration, March/April, 1980.

Word from Washington

United Cerebral Palsy Associations Inc.

Chester Arthur Building
425 I Street
Northwest
Suite 141
Washington,
D.C. 20001